Supreme Court, U.S.
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No. 03-

IN THE

Supreme Court of the United States

IMAGELINE, INCORPORATED and GEORGE P. RIDDICK, III,

Petitioners,

v.

XOOM, INCORPORATED; AZTECH NEW MEDIA INTERNATIONAL CORPORATION, (Joined); MEDIA GRAPHICS INTERNATIONAL INCORPORATED, (Joined),

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

There are two questions presented for review:

1. Whether the Court of Appeals erred in interpreting 17 U.S.C. § 504(c)(1) (App. E, *infra*, 40a) to limit awards of statutory damages to a single award regardless of the number of independent copyright protected works infringed?

2. Whether the Court of Appeals erred in imposing upon Imageline the requirement to comply with the provisions of Circular 61 (App. G, *infra*, 44a-56a) published by the United States Copyright Office related to works deposited in source code or object code when it registered its electronic clip art files?

PARTIES TO THE CASE

The names of all parties to the proceeding in this Court appear on the cover.

Petitioner Imageline, Inc. is a party to the proceeding. Imageline, Inc. has no parent or publicly held company owning 10% or more of the corporation's stock.

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v.

XOOM, INCORPORATED; AZTECH NEW MEDIA INTERNATIONAL CORPORATION, (Joined); MEDIA GRAPHICS INTERNATIONAL INCORPORATED, (Joined),

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

Imageline, Inc. and Riddick respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Fourth Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals (App. A, *infra*, 1a – 14a) is reported at 323 F.3d 279 (4th Cir. 2003). The opinion

of the district court (App. B, *infra*, 15a – 22a and App. C, *infra*, 23a – 37a) is reported at 93 F. Supp. 2d 688 (E.D. Va. 1999).[1]

JURISDICTION

The judgment of the court of appeals was entered on March 21, 2003. A petition for rehearing was denied on April 21, 2003 (App. D, *infra*, 38a – 39a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

The pertinent statutory provision is 17 U.S.C. § 504(c)(1). (App. E, *infra*, 40a).

STATEMENT

The PicturePak SuperBundle ("SuperBundle"), with 1,580 original individual electronic clip art images in Windows Metafile (".wmf") formats, was successfully registered with the Copyright Office effective March 12, 1996. Imageline deposited with its application printed images generated from the electronic .wmf formatted clip art files, and the electronic (digital) clip art file for each image.

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1. The citation 93 F. Supp. 2d 688 merges two completely different opinions of the district court. The opinion decided and filed April 5, 1999 begins at 688 and ends at 695. The opinion decided and filed June 10, 1999 begins at 695 and ends at 697. Therefore, to accurately include 93 F. Supp. 2d 688, both opinions are a part of the Appendix here; however, it is the April 5, 1999 opinion (App. C, *infra*, 23a – 37a) at issue in this proceeding. Counsel has contacted Lexis Research Customer Service Division to report the apparent printing error by the publisher.

Effective May 3, 1996, Imageline received a second copyright registration certificate from the Copyright Office for its Master Gallery registration that contained 9,618 individual digital clip art images (works), and deposited the same content (electronic clip art files and their printed output in picture form) as with SuperBundle. Both registrations contained new digital images in, among other formats, .wmf metafiles for use with the Windows operating system. In both of these registrations, Imageline filed for protection of both the organization and assembly of the digital artwork as a whole (the "compilation") as well as the individual copyrightable digital image files themselves.

In 1997, Defendant XOOM began distributing a product called Web Clip Empire 50,000. It later distributed through its web site and through third parties numerous other software products containing digital clip art images, as well as made thousands of individual clip art files available for individual selection and download from its various web sites. At least 2,900 of these clip art images were protected by the copyrights Imageline owned in the SuperBundle and Master Gallery registrations, which included the protection of each individual work found therein.

After Imageline's notification to XOOM of its infringing activity and XOOM's failure to cease infringing, this litigation followed. On April 5, 1999, the district court issued an opinion, *inter alia,* granting XOOM partial summary judgment. It held that Imageline had not properly registered SuperBundle or Master Gallery, and, therefore, had no statutory copyright protection and thus the court had no jurisdiction over the dispute. The district court also ruled that Imageline, even if it was determined to have proper registrations, was entitled to only one award of statutory

damages per registration, regardless of how many individual digital files (images) had been infringed. *Xoom, Inc. v. Imageline, Inc.* 93 F. Supp. 2d 688 (E.D. Va. 1999). (App. B, *infra*, 15a-22a and App. C, *infra*, 23a-37a).

The appeal to the Fourth Circuit resulted in partial reversal of the district court and partial affirmation, although one of the affirmations for which this appeal is sought is so puzzling that it is difficult to ascertain exactly how, based on some of the circuit court's language, it could have affirmed. This Petition seeks review of two issues that far transcend the parties to this case and clearly impact the hundreds of thousands of copyright holders of similarly protected electronic intellectual property throughout the country, as well as the Copyright Office itself. Imageline urges this Court not to leave these matters unaddressed.

REASONS FOR GRANTING THE PETITION

With regard to question one, there is a direct conflict between the First Circuit Court of Appeals and the Fourth Circuit Court of Appeals on this issue, which is of enormous importance to the owners of electronic intellectual property, and to the United States Copyright Office ("Copyright Office"). Owners of intellectual property in electronic form, such as digital photography, electronic clip art illustrations, poems, comics, and digital music files, face risks of loss today unknown to previous generations. Guardians of property rights, whether legislative or judicial, must adjust to the heightened risk of devastating loss caused by massive and immediate distribution of digitized intellectual property via the Internet, and to the necessity of understanding the concepts, technology, and terminology as applied to the digital age. The Fourth Circuit decision protects (and even perversely encourages) thefts of a larger, rather than smaller,

magnitude, since the piracy of just one digital image from the registration of 3,000 independently copyrightable digital images carries the same statutory penalty as the theft of 2,000 digital images from the same collection.

Owners of copyrighted electronic intellectual property cannot be adequately protected under the Fourth Circuit decision, even if they follow the Copyright Office's guidance on registering multiple independent works precisely. If this were the case, the Copyright Office would be hopelessly deluged with a volume of registrations it could not handle, since the registrant of multiple independent works could only secure a statutory damage award for the infringement of each such work by registering each work separately. Imageline, alone, for one of the single registrations involved here, would have had to file almost 10,000 separate registrations, and make 10,000 separate deposits with the Library of Congress, to protect each work. The massive numbers involved when this type of protection requirement is multiplied many-fold would bring the Copyright Office to a virtual standstill.

In addition, under the Fourth Circuit's illogical interpretation of copyright law, a company which infringes and distributes tens of millions of dollars worth of multiple copyrightable works from a single collective copyright registration (as is the case with the XOOM, Inc. infringements here), would be liable for a maximum statutory damages cap of $100,000, the same as if it had distributed just a handful of infringing works. This is true regardless of whether or not XOOM, Inc. increased its value by tens of millions of dollars from its ongoing infringing behavior. This flawed interpretation of the law encourages the willful infringement of copyrighted material in mass, and poses no additional penalty for the continued infringement of known infringing materials after notice.

Finally, and respectfully, the language of the opinion is internally contradictory and highly confusing when addressing the Copyright Office's Circular 61 (App. G, *infra*, 44a – 56a), and its requirement for the deposit of source or object code that is found in computer programs like Microsoft Word, WordPerfect, Adobe Illustrator, CorelDraw, etc., but is not found in the electronic .wmf files for which registration was sought here by Imageline. This issue is too critical to today's technological marketplace, where more and more important intellectual property is affixed in digital file formats, to countenance an opinion in which the basics of an important segment of digital commerce are so imprecisely grasped. The supervisory role of this Court must be invoked.

A. The Measure of Statutory Damages.

In *Gamma Audio & Video, Inc. v. Ean-Chea*, 11 F.3d 1106 (1st Cir. 1993), the First Circuit addressed the identical issue decided by the Fourth Circuit, but interpreted 17 U.S.C. § 504(c)(1) quite differently. (App. E, *infra*, 40a). The Fourth Circuit decision failed completely to address *Gamma Audio*, even though it was the primary authority relied upon by Imageline in briefing and oral argument on this issue. While a number of district courts have addressed the issue and most of them have adopted the single award analysis, *Gamma Audio* was the only circuit court authority and it found:

> We are unable to find any language in either the statute or the corresponding regulations that precludes a copyright owner from registering the copyrights in multiple works on a single registration form [in fact that is what the Copyright Office utilizes—see Petruzzelli Declaration in Paragraphs 5 & 6 (App. F, *infra*, at

> 41a, 42a)] while still collecting an award of statutory damages for the infringement of each work's copyright. We conclude that Gamma is entitled to four awards of statutory damages for Ean-Chea's infringement of four separate 'works'.

Id. at 1117-1118.

In its opinion at footnote 8 on p. 285, (App. A, *infra*, at 11a-12a), the Fourth Circuit designated SuperBundle and Master Gallery as "*compilations or derivative works* in which Imageline holds copyrights" but assigned only one award for the infringement of each such *work*, not because each was a single registration. The Fourth Circuit concluded the district court was incorrect to base its single award ruling on a per registration analysis instead of a per work analysis, although the practical result in this case is the same. The Fourth Circuit seemed to ignore, or discard, Imageline's contention that each registration included many separate and distinct copyrightable "works" from which damages should be assessed independently according to Copyright Office guidelines and regulations.

The critical language governing this issue is found in 17 U.S.C. § 504 (c)(1): ". . . all parts of a compilation or derivative work constitute one work . . ." for the purpose of statutory damage calculations. (App. E, *infra*, 40a). The question then is what is a "part" of SuperBundle or Master Gallery, if each digital clip art image is an independent work?

Imageline submits that the proper analysis, and the only analysis that can provide meaningful protection to the owners of digital intellectual property in the Internet era, is provided

by the highly respected copyright industry veteran Paul Goldstein:

> Section 504(c)(1)'s provision that, for purposes of statutory damage awards, "all the parts of a compilation or derivative work constitute one work" is particularly hard to apply in practice. Read literally, the provision would mean that if the infringed work is an anthology consisting of one hundred short stories, each story would be a "part" of the compilation. The resulting single statutory award for an infringement of the entire anthology would seriously undercompensate the copyright owners of the individual stories. This reading would also produce contradictory results. While an action brought by the anthologist would result in only a single statutory damage award, separate actions brought by the copyright owners of the individual short stories would result in one statutory award for each.
>
> The better approach is to treat each separable element of a compilation as a separate work for purposes of statutory damages, and to read the statutory phrase "all parts of a compilation" as encompassing only the organizational elements added by the compiler. Thus, in the example just given, if the infringer had followed the organization employed by the anthologist, but divided the one-volume anthology into two separate volumes, it would be liable for one hundred statutory awards for infringing each of

> the stories, but only one statutory damage award for infringing the copyright in the compilation.

See Goldstein, *Copyrights*, § 12.2.2.1.a.

SuperBundle and Master Gallery have separate *parts* in which the images are grouped together by categories such as military, various sports, patriotic illustrations, etc. Imageline did not seek separate statutory damage awards for each of these separate "parts" of its compilations[2]. It did seek protection for each of the independently copyrightable "works" registered together in its two collective registrations, however. The logic of Mr. Goldstein's analysis is compelling and the policy considerations are even more profound. Why would Congress enact protection for modern era property rights that provides the same damage award range for one who pirates and widely distributes 3,000 separate copyright protected electronic creations, as for someone who only takes and distributes one, simply based upon the efficiency by which they were registered? Such an interpretation as in this case fails completely to provide any meaningful protection to the owners of multiple works, even though the Copyright Office allows, and even encourages, the use of a single registration when the owner of multiple copyrightable works assembled in a collection seeks registration and its corresponding protection under U.S. copyright laws—See Petruzzelli Declaration, Paragraphs 5 & 6. (App. F, *infra*, at 41a, 42a).

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2. Imageline registered ***both*** the unique and original compilations (organization and assembly of the digital artwork on CD-Rom, magnetic media, and in the printed materials) of its independent works ***and*** the individual works themselves on the two copyright registrations it filed in 1996 that were accepted and certified by the Copyright Office.

Given the conflict in the circuits, the enormous importance of this issue to the owners of electronic intellectual property, and the potentially dire situation to confront the Copyright Office if the Imagelines of the digital world are forced to file tens of thousands of registrations, rather than a few to adequately protect their property from wide scale theft, this Court should accept this Petition for review.

B. The Requirements of Circular 61

The Fourth Circuit opinion lacks clarity and is internally inconsistent and confusing because it misuses the terms "computer programs", "source code", and "object code." Source code is the computer program code as the programmer writes it, using a particular programming language. Object code is the representation of the program in machine language form, so that the computer can understand it, when the application code, or program, is implemented on a given operating system. It is generated from source code. They are but different manifestations of the same code for the same program.

Imageline's digital clip art files are originally created by artists using commercially available computer programs, such as Adobe Illustrator and Microsoft Draw, just as this Petition was originally created using Microsoft Word. The digital clip art files, just as with the digital version of this Petition in ".doc" format, are not computer programs. They are electronic files. They do not have their own source code or object code, but rather have used the source code of the computer program used to create them as it became object code processed through their computer's operating system. The results created the independently copyrightable

.wmf electronic images, or documents, which are then capable of reproduction in visual form on computer screens and from printers.

The Fourth Circuit attributed a nonsensical position to Imageline when it contended that Imageline "assert[ed] that it holds copyright in the computer programs that created the WMF (sic) formatted images upon which XOOM allegedly infringed." But in oral argument, the Court asked Imageline's counsel if Imageline sought "to copyright the program or just the file." The response proceeded:

> Imageline's Counsel: We sought to copyright the electronic file and not the program because Imageline does not own the program.
>
> Court: All right.
>
> Imageline's Counsel: That a commercial producer such as Adobe or Corel or Microsoft owns [the computer program] . . . .

There should have been no confusion, whatsoever, to the Fourth Circuit as to what Imageline sought to protect, and nothing Imageline sought to protect either has, or is required to have, any source code or object code associated with it.

Paragraph 8 of Ms. Petruzzelli's (Chief of the Examining Division of the Copyright Office) uncontroverted Declaration states:

> If registration is sought for digital clip art, or illustrations, the creation of which was facilitated by the use of a computer program [Adobe Illustrator, Microsoft Draw, etc.], *no deposit materials of computer program source code or object code are required* if the party [Imageline] which created and owns the copyright in the original clip art or illustration does not own the copyright in the computer program [Adobe Illustrator, Microsoft Draw, etc.].

(App. F, *infra*, at 42a) (Emphasis Added)

Therefore, no deposit of computer program source code or *object code* is required and naturally Imageline deposited none. Why? Because the computer program source code and object code were owned by several well-known publishers in the software market place (i.e. Microsoft, Adobe, and Corel) and not by Imageline.

The Court further confused the issue when it attributed to Imageline the assertion that Imageline could not deposit the source code "because it does not own copyright in the programs used to create the source code." Of course, Imageline does not own these copyrights. They are owned by Microsoft, Adobe and the other original developers of the commercially available computer programs used by Imageline. The source codes in these programs are created by the programmer(s) who created the original program, such as Microsoft Draw or Corel Draw, which, of course, contain

the source code, and the copyrights are owned by Microsoft, Adobe, and Corel. The Fourth Circuit also seemed confused when it made the statement in its opinion that these computer programs somehow were used to create new "source code", which is simply not correct. Source code is written by the programmers who create the original computer programs themselves. It cannot be created from a computer program that is already written, as the Fourth Circuit seems to have concluded in its opinion.

The puzzle is further complicated when the opinion continues to analyze the case as though Imageline had some obligation under Circular 61 (App. G, *infra*, 44a-56a) to comply with a requirement only applicable to an applicant seeking to deposit a **computer program in object code rather than source code**. Having not sought to register a computer program containing either type of code, Imageline did not submit the writing required in paragraph 2 of Circular 61 (App. G, *infra*, 44a-56a) of an applicant seeking copyright protection for a computer program.

In its final sentence on this superfluous issue, the Court wrote that "to the extent Imageline claims to have properly registered copyright in the computer programs that created the clip-art images," it failed to do so. Since Imageline never contended it could register a copyright in the computer programs (Adobe Illustrator, et al.) it did not own, the opinion at this point, while unnecessary, could be partially understood.

The district court, however, apparently had thought that the .wmf files, or electronic clip art images, represented new computer programs for which the deposit of source code was required. *Id.* at 692, 693. (App. C, *infra*, 23a-37a). They do

not. Thus, by affirming the district court's "holding that Imageline does not hold copyright in those programs," the Fourth Circuit, again respectfully, lapsed into a most confusing and potentially harmful result. XOOM and others similarly situated will therefore read the opinion to remove copyright protection from all of the digital files and extend it only to the pictorial images outputted from those files, even though this makes no sense at all. Why would the visual depiction of the digital file, and not the digital file, have copyright protection? How could one have it without the other? Both were deposited with the Copyright Office.

But since the district court clearly held that the electronic file did not have protection, what did the Fourth Circuit intend by affirming the district court and proceeding through the analysis of Circular 61 (App. G, *infra*, 44a-56a) that the Chief of the Examining Division of the Copyright Office clearly said did not apply? Imageline knows it could not, and did not, seek to register a computer program containing source or object code. It hopes the Fourth Circuit understood this. However, the Court's expression of its understanding is just not clear.

CONCLUSION

Imageline urges this Court to consider this appeal for the benefit of all who seek copyright protection for their original works of electronic intellectual property, and who register their property according to U.S. Copyright Office guidelines, as well as the Copyright Office personnel who must administer the law, so that this issue can be clarified. To leave open the possibility that any court may conclude that Imageline's digital files, or someone else's copyrightable digital files for that matter, which may have taken years and millions of dollars to create, are not protected because of the confusing rationale of this opinion is unthinkable. To contemplate that this opinion, left in its current state, might gain currency, encourage infringement, and create havoc for so many others is frightening. These issues have enormous potential impact far beyond the parties to this litigation. It is to prevent the injustice and chaos that this opinion could foster that requires this Court to place this appeal among those few that it accepts for review.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT DECIDED MARCH 21, 2003

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

XOOM, INCORPORATED; AZTECH NEW MEDIA INTERNATIONAL CORPORATION (Joined); MEDIA GRAPHICS INTERNATIONAL, INCORPORATED (Joined).

Plaintiffs-Appellees,

and

MACMILLAN DIGITAL PUBLISHING USA, a division of Prentice-Hall, Incorporated (Joined),

Plaintiff,

v.

IMAGELINE, INCORPORATED; GEORGE P. RIDDICK, III,

Defendants-Appellants,

and

COMPLIANCE SERVICES, INCORPORATED; WAYNE K. NYSTROM; SPRINT SOFTWARE PARTY LIMITED,

Defendants.

Appendix A

Appeal from the United States District Court
for the Eastern District of Virginia, at Richmond,
James R. Spencer, District Judge.
(CA-98-542-3)

Xoom, Inc. ("Xoom") filed suit in federal district court against Imageline, Inc. ("Imageline"), seeking relief under federal and state law for alleged violations of the Copyright Act of 1976 ("Copyright Act") and interference with contractual rights. In response, Imageline filed a counterclaim alleging copyright infringement, false advertising, unfair competition, and business conspiracy. Subsequently, Xoom filed motions for partial summary judgment and summary judgment, which the district court granted. Imageline appealed to this Court. For the reasons that follow, we affirm in part and remand to the district court.

I.

Imageline introduced PicturePak SuperBundle ("SuperBundle") on CD-ROM in 1994. SuperBundle contained 1,580 individual electronic clip-art images in CGM, WMF, and EPF formats. Imageline registered the art, text, and packing design for CD-ROM and diskette media with the United States Copyright Office ("Copyright Office").[1] The SuperBundle copyright registration became

1. Imageline noted on its registration form that "PicturePak SuperBundle was compiled from five products created in 1991: PicturePak1; PicturePak2; PicturePak3; PicturePak ValuePak 1; and Office Clips." The registration form also indicated that the material added to SuperBundle was: "New art and new text, as well as a new packaging design, for CD-ROM and diskette media."

effective on March 12, 1996. The registration covered SuperBundle in its entirety; there was no specific mention of the individual clip-art images. However, Imageline deposited printed and electronic copies of each clip-art image with its registration application. The Copyright Office issued a second copyright to Imageline, effective May 3, 1996, for its database, Imageline Master Gallery ("Master Gallery"), which contained updated versions of black and white line-art images that Imageline acquired from another company in 1991 and new images based on WMF software. Master Gallery encompassed 9,618 individual clip-art images in varying file formats for use in different operating systems and user environments.[2]

Xoom began distributing a CD product called Web Clip Empire 50,000 in 1997. That product contained 50,000 software clips, including clip art images. Xoom later expanded its collection and distributed Web Clip Empire 75,000, Web Clip Empire 150,000 and Web Clip Empire 250,000 (collectively, "Web Clip Empire Products"). The Web Clip Empire Products are distributed through Xoom's website and also through third parties who market the products to end-users. Some of the images used in the Web Clip Empire Products were designed by commissioned artists, while other images were licensed to Xoom by third parties. In 1998, Imageline sent a letter to Xoom advising that it was infringing Imageline's copyrights by: (i) sub-licensing certain Imageline clip-art images to other software publishers; (ii) including certain Imageline clip-art

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2. Imageline noted on its registration form that SuperBundle was incorporated into Master Gallery.

images in Xoom's own CD software products; and (iii) making certain Imageline clip-art images available for free down-loading from Xoom's website. Each Web Clip Empire Product that Xoom distributed included statements that: (i) the "web clips" were "copyright cleared"; (ii) Xoom's clip-art images were "proprietary"; and (iii) Xoom commissioned artists around the world, most on an exclusive basis, to develop web objects.

Xoom filed suit against Imageline in district court, seeking relief under both federal and state law. The complaint sought injunctive and declaratory relief based on the Copyright Act, money damages based on interference and conspiracy to interfere with contractual rights,[3] and indemnification against another defendant. Imageline filed a counterclaim against Xoom seeking relief under federal and state law for copyright infringement, false advertising and unfair competition, and business conspiracy. Xoom subsequently filed several motions for summary judgment and partial summary judgment. One of its motions for partial summary judgment, Motion No. 2, requested a dismissal or stay of Imageline's copyright claims for lack of subject matter jurisdiction or, alternatively, requested a limitation of possible statutory damages as to those claims. In a separate motion, Xoom sought summary judgment with respect to Imageline's false advertising and unfair competition claim.

In a written opinion issued on April 5, 1999, the district court granted partial summary judgment in favor of Xoom on Motion No. 2, issued a stay in the case, and limited

3. The claims for money damages were subsequently dismissed.

possible statutory damages to one award per registration. On April 19, 2001, the district court granted summary judgment in favor of Xoom with respect to Imageline's counterclaims of false advertising and unfair competition. In a final order entered on January 7, 2002, the court disposed of all counts in Xoom's complaint and Imageline's counterclaim. Imageline timely filed this appeal.

II.

A district court's award of summary judgment is reviewed *de novo. See A.T. Massey Coal Co., Inc. v. Massanari,* 305 F.3d 226, 235 (4th Cir. 2002). To the extent there are issues of law in dispute, those questions will also be reviewed *de novo. See Nelson-Salabes, Inc. v. Morningside Dev., LLC,* 284 F.3d 505, 512 (4th Cir. 2002).

III.

Imageline asserts that the district court erred: (1) in finding that it did not hold copyright in the individual clip-art images or in the computer program creating the images found in SuperBundle and Master Gallery; (2) in holding that Imageline was entitled to only one award of statutory damages per work infringed; and (3) in granting summary judgment to Xoom on Imageline's false advertising and unfair competition claim. We address each of these issues in turn.

Appendix A

A.

Imageline's counterclaim alleged that Xoom infringed Imageline's copyright in the individual clip-art images contained in SuperBundle and Master Gallery. The issue on appeal centers around the question of whether Imageline effectively registered its copyright in the materials it claims Xoom infringed. Copyright registration is a jurisdictional prerequisite to bringing an action for infringement under the Copyright Act. *See* 17 U.S.C. § 411(a) (1996); *Trandes Corp. v. Guy F. Atkinson Co.*, 996 F.2d 655, 658 (4th Cir. 1993). The district court found that Imageline had no basis for litigating claims of infringement with respect to the individual images because, as registered, the copyright claims were only in the works as a whole and not in the individual images. Imageline appeals to this Court, asserting that its copyright registration of SuperBundle and Master Gallery extended to the individual clip-art images contained in both products and in the computer programs used to create those images. We examine each of these assertions in turn.[4]

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4. In its brief to the Court, Imageline also asserts that this Court should apply the "innocent error rule" to the copyright issues in this case. The innocent error rule states "that immaterial, inadvertent errors in an application for copyright registration do not jeopardize the validity of the registration." *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147, 1161 (1st Cir.1994) (citations omitted). This Court has applied the "innocent error rule" in *Serv. and Training, Inc. v. Data Gen. Corp.*, 963 F.2d 680 (4th Cir.1992), where we found that a copyright was not invalidated because there was no evidence that appellee's failure to inform the "Copyright Office of it's software's derivative nature was intentional." *Data Gen. Corp.*, 963 F.2d at 689. In the instant case, Imageline failed to correct problems

(Cont'd)

Appendix A

1.

Imageline argues that it registered, and therefore owned, copyright in the individual clip-art images through its copyright registrations of SuperBundle and Master Gallery as compilations or derivative works. We decline to make a determination of whether the individual clip-art images were effectively registered through the registrations of SuperBundle and Master Gallery and find that Imageline's registration of SuperBundle and Master Gallery was sufficient to provide copyright protection to the underlying preexisting works of each.

In the instant case, Imageline created SuperBundle and Master Gallery, both compilations or derivative works, *and* the underlying works which those products encompassed. The Second Circuit held, in *Morris v. Bus. Concepts, Inc.*, 259 F.3d 65, 68 (2d Cir. 2001), that where an owner of a collective work also owns the copyright for a constituent part of that work, registration of the collective work is sufficient to permit an infringement action of the constituent part. Similarly, in 1997, a district court in Kansas held that registration of a derivative work is sufficient to allow

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(Cont'd)

with its application *after* the Copyright Office informed Imageline of the problems and gave instructions on how to correct them. Because Imageline's failure to make the necessary corrections to its application for copyright registration cannot be considered innocent, we conclude that its registration falls outside of the protection of the rule and therefore reject Imageline's claim of innocent error. We do not, however, completely invalidate Imageline's copyright registration of SuperBundle and Master Gallery. *Infra* pp. 6-7.

an infringement claim based on the copying of material, whether newly added or contained in the underlying work. *In Re Indep. Serv. Orgs. Antitrust Litig.*, 964 F. Supp. 1469 (D. Kan. 1997); *see also Foxworthy v. Custom Tees, Inc.*, 879 F. Supp. 1200, 1218 (N.D. Ga. 1995) (holding that "preexisting materials may be subject to copyright protection under the umbrella of a compilation copyright."). We adopt this view and reverse the district court, finding that because Imageline owned copyright in SuperBundle and Master Gallery and in the underlying works of each, its registration of SuperBundle and Master Gallery was sufficient to permit an infringement action on the underlying parts, whether they be new or preexisting.[5]

Based on this holding, we do not address the issue of whether the registration of the products covered the individual clip-art images. If Xoom improperly used *any* copyrightable image contained in SuperBundle and Master Gallery, new or preexisting, that usage would give rise to potential statutory damages.

2.

Imageline also asserts that it holds copyright in the computer programs that created the WMF formatted images upon which Xoom allegedly infringed.[6] In its brief to this

5. We do not conclude that the registration of SuperBundle and Master Gallery constituted an effective registration of the underlying preexisting works.

6. The parties have not been clear on what Imageline sought to protect with respect to the creation of the clip-art images. At oral argument, Imageline acknowledged that there really are no computer

(Cont'd)

Court, Imageline contends that because the clip-art images are perceptible when printed in a two-dimensional format, it was only required to submit the visual arts registration form ("Form VA"), not the source code that is normally required to obtain copyright in a computer program. However, this contention is only partially correct. To the extent that Imageline was attempting to register copyright in the compilation of clip-art images, submission of Form VA and two complete copies of the images is sufficient for registration. *See* Circular 40a: Deposit Requirements for Registration of Claims to Copyright in Visual Arts Material.[7] However, for Imageline to own copyright in the computer programs creating the WMF formatted images, it must comply with the requirements that the Copyright Office sets forth in Circular 61: Copyright Registration for Computer Programs ("Circular 61").

Circular 61 requires the applicant to deposit computer source code in order to obtain copyright in computer programs. Imageline states that the creation of the WMF

(Cont'd)

programs in question here, but stated that it was seeking to copyright the images generated by the programs. To the extent that Imageline claims to have properly registered copyright in the computer programs, we address that issue here.

7. There are regulations, codified at 37 C.F.R. § 202 et al. (2002), which govern copyright registration. However, because the regulations do not explicitly provide for all required elements of copyright registration, the Copyright Office issues circulars which outline the specific requirements for effective copyright registration. It is common practice for applicants to look to the circulars for guidance when completing copyright applications.

images was not original; rather, those images were created using commercially available products from companies such as Microsoft and Adobe. Thus, Imageline asserts that it could not, and was not required to, deposit the source code because it does not own copyright in the programs used to create the source code.

Circular 61 does waive the requirement for a deposit of source code when the code contains copyrightable authorship. However, in that situation, the applicant "must state in writing that the work as deposited in object code contains copyrightable ownership." Circular 61 at 2. Upon receipt of this written statement, the Copyright Office issues a letter to the applicant "stating that registration has been made under its rule of doubt and warning that it has not determined the existence of copyrightable authorship." *Id.* The record before this Court presents no evidence that Imageline submitted the requisite written statement in compliance with this requirement. Additionally, there is no evidence that the computer programs were registered because there is no letter from the Copyright Office stipulating registration in the computer programs that created the clip-art images. Therefore, to the extent Imageline claims to have properly registered copyright in the computer programs that created the clip-art images, we conclude that Imageline failed to do so and we affirm the district court's holding that Imageline does not hold copyright in those programs.

B.

Under the Copyright Act, "[T]he copyright owner may elect, at any time before final judgment is rendered, to

recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action. . . . For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work." 17 U.S.C. § 504(c)(1) (1996). Imageline asserts that, contrary to the district court's finding, the language of the Copyright Act does not bar multiple awards for statutory damages when one registration includes multiple works. While Imageline's assertion is true, we find that, given the facts of the instant case, Imageline is only entitled to a maximum of two awards of statutory damages.

As we held above, *infra* pp. 6-7, Imageline's registration of SuperBundle and Master Gallery covered, for the purposes of this action, the products in their entirety *and* the underlying preexisting works contained therein in which Imageline also owned copyright. Although parts of a compilation or derivative work may be "regarded as independent works for other purposes[,]" for purposes of statutory damages, they constitute one work. H.R. Rep. No. 94-1476, at 162 (1976). Because both SuperBundle and Master Gallery can be classified as either compilations or derivative works, we find that, for purposes of determining statutory damages under Section 504(c)(1), the registrations of SuperBundle and Master Gallery constitute a total of two works (one for each registration of the *compilation or derivative work*).[8]

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8. The district court incorrectly held that "there should be only one award of statutory damages per *registration* regardless of the number of infringements or the number of products containing infringing images." *XOOM, Inc. v. Imageline, Inc.*, 93 F. Supp. 2d

(Cont'd)

Therefore, Imageline may only receive a maximum of two awards of statutory damages for copyright infringement.

C.

In a separate motion, Imageline sought relief in the district court for violations of § 43 of the Lanham Trademark Act ("Lanham Act"). Imageline asserted that Xoom violated the Lanham Act by making statements regarding the copyright clearance of the images contained in the Web Clip Empire Products. The district court granted summary judgment in favor of Xoom. On appeal, Imageline argues that it presented sufficient evidence to warrant a finding that there is a genuine issue of material fact as to Xoom's alleged violation of the Lanham Act.[9]

To recover damages under the Lanham Act, Imageline must first establish that there has been a Lanham Act violation, then must prove actual damages and a causal

(Cont'd)

688, 693 (E.D. Va. 1999) (emphasis added). Imageline is entitled to one award of statutory damages per work infringed because SuperBundle and Master Gallery are *compilations or derivative works* in which Imageline holds copyrights, not because they are single registrations.

9. Imageline asks this court to adopt the Reverse Passing Off ("RPO") theory, recognized by other circuits as a false designation of origin actionable under the Lanham Act. *See Waldman Publishing Corp. v. Landoll, Inc.*, 43 F.3d 775, 780 (2d Cir.1994). Because the district court's commentary on this issue was dicta, we find that the issue was not properly before us on appeal and decline to address it here.

link between those damages and the Lanham Act violation. 15 U.S.C. §§ 1117, 1125 (1998); *Black & Decker, Inc. v. Pro-tech Power Inc.*, 26 F. Supp. 2d 834, 863 (E.D. Va. 1998) ("To recover damages for false advertising, a plaintiff 'must prove both actual damages and a causal link between [the defendant's] violation and those damages.'" (citations omitted)). In the instant case, we assume that a Lanham Act violation has occurred, and now turn to an examination of whether Imageline has satisfied its evidentiary burden to warrant an award of damages.

In determining damages under the Lanham Act, the plaintiff bears the burden of proving a causal connection between its harms and the defendant's profits. *See* 15 U.S.C. § 1125 (1998); *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738, 745 (7th Cir. 1985) ("[T]he plaintiff may not recover if he fails to prove that the defendant's actions caused the claimed harm." (citations omitted)). Imageline's alleged damages are "loss of goodwill, diminution in the value of Imageline's artwork and of Imageline's graphic image library, and loss of income." However, the record contains no evidence that Imageline suffered actual damages. Further, even if there was evidence of actual damages, Imageline does not prove a causal link between its damages and Xoom's actions. Because there is no evidence of actual damages or a causal link between actual damages and Xoom's actions, we find that Imageline failed to satisfy its burden under 15 U.S.C. § 1117 and therefore has no sustainable claim under the Lanham Act. Accordingly, we affirm the district court's grant of summary judgement on the Lanham Act claim in favor of Xoom.

Appendix A

IV.

For the foregoing reasons, we affirm in part, reverse in part, and remand to the district court for a determination of statutory damages.

AFFIRMED IN PART, REVERSED IN PART, AND REMANDED

APPENDIX B — MEMORANDUM OPINION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION DATED AND FILED JUNE 10, 1999

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF VIRGINIA,
RICHMOND DIVISION

Civil Action Number 3:98CV542

XOOM, INC., et al.,

Plaintiff,

v.

IMAGELINE, INC., et al.,

Defendant.

June 10, 1999, Decided

June 10, 1999, Filed

MEMORANDUM OPINION

THIS MATTER comes before the Court on the Defendants Imageline, Inc. and George P. Riddick, III's Motion for Reconsideration of this Court's Order dated April 5, 1999, granting the Plaintiff's Motion for Summary Judgment and Staying the Case so that the Defendants could seek copyrights in the individual images at issue in this suit. Specifically, Defendants allege that the Court has committed the following errors:

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1. The Court erred in adopting as a basis for its decision Plaintiff's erroneous assertion that computer source code must be deposited in all cases where a copyright owner seeks to register a copyright in material that includes computer programming.

2. The Court failed to perform the factual and legal analysis necessary to support its conclusion that, as a matter of law, Defendants' copyright registrations do not include the individual images and computer programs which Defendants sought to register, which were in fact deposited with the registration.

3. The Court failed to consider the generally accepted principle that where the owner of copyrights in unregistered multiple works registers a claim for copyright in a larger unit of publication consisting of those individual works, the copyright owner may bring an action for infringement of the individual works without re-registering.

4. The Court committed plain error in concluding that 17 U.S.C. § 405(c)(1) contains a *per se* requirement that no more than one statutory damage award may be predicated on a single copyright registration.

For the following reasons, the Court hereby DENIES the Motion to Reconsider.

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I. Standard of Review

Federal Rule of Civil Procedure 59(e) allows "an aggrieved party to file a motion to alter or amend a judgment within ten days of its entry." *Hutchinson v. Staton*, 994 F.2d 1076, 1081 (4th Cir. 1993). "Courts interpreting Rule 59(e) have recognized three grounds for amending an earlier judgment: (1) to accommodate an intervening change in controlling law; (2) to account for new evidence not available at trial; or (3) to correct a clear error of law." *Id.*

In the instant case, Imageline relies on the third ground as a basis for relief. Accordingly, it must establish that there has been a clear error of law, or that manifest injustice will result from enforcement of this Court's April 5, 1999 Order. *E.E.O.C. v. Lockheed Martin Corp.*, 116 F.3d 110, 112 (4th Cir. 1997). It is within the sole discretion of the Court as to whether the granting of a motion to reconsider is appropriate. *Fener v. Hunt*, 971 F. Supp. 1025, 1030 (W.D.Va. 1997). A motion to reconsider cannot be granted where the moving party simply seeks to have the Court "rethink what the Court has already thought through-rightly or wrongly." Above the *Belt, Inc. v. Mel Bohannan Roofing, Inc.*, 99 F.R.D. 99, 101 (E.D.Va. 1983).

II. Analysis

1. Source Code Deposit Requirement

Imageline, relying on the Compendium of the Copyright Offices Practices, continues to argue that it was not required to deposit the source code in order to register the individual

computer programs that generate each of the clip art images.[1] It submits that the proper interpretation of the Compendium Note is a matter of first impression for this Court and urges a reading which would require the Court to find that Imageline complied with the Copyright Office's deposit requirements.[2]

37 C.F.R. § 202.20 regulates deposits of copies and phonorecords for copyright registration. Subsection (c)(vii) requires that "in cases where a computer program, database compilation . . . or the like . . . if published is published only in the form of machine-readable copies (such as magnetic tape or disks, punched cards, semiconductor chip products, or the like) other than a CD-ROM format," a deposit must be made if "the work cannot ordinarily be perceived except with the aid of a machine or device." Imageline posits that its clip art images are of such a nature that they can be visually perceived when printed out as a two-dimensional drawing. Thus, consistent with its reading of the Compendium, Imageline posits that its deposit of the complete printout of

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1. NOTE: Works fixed or published in both machine-readable and visually-perceptible form are not considered machine-readable works for purposes of deposit for registration. The appropriate deposit requirements for the visually-perceptible form apply. See section 806.12 of Chapter 800: DEPOSIT FOR REGISTRATION.

Compendium II (1984), as supplemented.) Chapter 3, 324.

2. At the hearing on the summary judgment motions, argument was based on Circular 61 of the United States Copyright Office, which is based on 37 C.F.R. § 202.20.

all of the individual clip art images which it sought to register, in addition to its deposit of the magnetic tapes and CD-ROM media, clearly complied with the requirements for works that are both machine-readable computer software and visually perceptible works.

Such a broad reading of the Note would tend to defeat the purpose of the regulations requiring deposit of the source code. The Note is better seen as applying to only those situations in which the printed version and the electronic version are the functional substitutes of the other, and under the copyright law, contain the same copyrightable expression as the other. (Pls.' Mem. Opp'n at 4.) It would be ill-advised for this Court to find that the visual images and the detailed computer programs which are used to create such images are the functional equivalents of one another in light of Imageline's repeated attempts to convince the Court that there is protected expression in the electronic version of the images that is not present in the visual version. Accordingly, the Court finds that Defendants' works do not fall under the language of the Note. Controlling law requires a deposit of the source code, a requirement that Defendants' failed to adhere to in its registration.

2. Errors in Copyright Registration

Imageline argues that the weight of authority supports the contention that errors in an application for a copyright registration certificate do not invalidate the copyright or render the registration certificate incapable of supporting an infringement action if unaccompanied by fraud. As such,

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Imageline contends that this Court was incorrect in ruling that certain errors made by Mr. Riddick in the copyright registration process rendered Imageline's registrations incapable of supporting an infringement action as to the individual images.[3]

Although it is true that inadvertent mistakes or errors in registration do not normally serve to invalidate the entire copyright, the failure to deposit any source code whatsoever is a material error which frustrated the separate purpose of the required deposit; that is, to provide the Copyright Office with sufficient material to identify the work in which the registrant claims a copyright and determine its copyrightable. Furthermore, this Court did not invalidate either the PicturePak SuperBundle or the Master Gallery registrations in their totality. Rather, it properly determined the scope of the two registrations. As the Court has dealt with this issue in its April 5, 1999 Order and Defendants have failed to demonstrate that any clear error of law is contained therein, this claim is dismissed.

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3. Imageline has set forth four errors made by Mr. Riddick that were stated by the Court and/or XOOM during the summary judgment proceedings. They are as follows: failure to properly denominate on the copyright application form what was being registered; failure to state correct date of first publication; in regard to the Master Gallery application, failure to register the images in their "unit of first publication;" and failure to make proper deposit for registration of computer programs. For purposes of this motion, only those errors relied on by the Court in its opinion are relevant and thus, discussed in this opinion.

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3. 17 U.S.C. § 504(c) Does Not Bar Multiple Statutory Damages Awards When One Registration Includes Multiple Works

This Court applied 17 U.S.C. § 504(c) as it is written, when it held that there should be only one award of statutory damages per registration regardless of the number of infringements or the number of products containing infringing images. See Memorandum Opinion April 5, 1999 at 9. As each of the two Imageline registrations is either a compilation or a derivative copyright, according to the language of § 504(c), each registration is one work for purposes of statutory damages and the Court finds no reason to reconsider its position on this issue.

III. Conclusion

In short, the Court DENIES the Motion to Reconsider. Defendants have failed to establish any clear errors of law in this Court's decision or that any manifest injustice would result from its enforcement. It appears to the Court that the Defendants filed its brief in the hope that the Court would rethink its decision based on case law that could have been presented for review in the initial summary judgment proceedings. In that situation, a motion to reconsider will not be granted as it assumes that the Court failed to think through its decision in the first place. *Above the Belt, Inc.*, 99 F.R.D. at 101.

Let the Clerk send a copy of this Memorandum Opinion to all counsel of record.

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And it is SO ORDERED.

s/ James R. Spencer
James R. Spencer
UNITED STATES DISTRICT JUDGE

DATE JUN 10 1999

APPENDIX C — MEMORANDUM OPINION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION DATED AND FILED APRIL 5, 1999

UNITED STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF VIRGINIA,
RICHMOND DIVISION

Civil Action Number 3:98CV542

XOOM, INC., ET AL.,

Plaintiff,

v.

IMAGELINE, INC., ET AL.,

Defendant.

April 5, 1999, Decided

April 5, 1999, Filed

MEMORANDUM OPINION

THIS MATTER comes before the Court on the following Motions for Summary Judgment:

(A) Plaintiffs' Motion for Partial Summary Judgment Based on the Affirmative Defense of Copyright Misuse (Motion No. 1);

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(B) Plaintiffs' Motion for Partial Summary Judgment Dismissing or Staying Copyright Claims for Lack of Jurisdiction and if this case proceeds, Limiting Possible Statutory Damages as to Copyright Claims and Finding, as a Matter of Law, No Substantial Similarity (Motion No. 2);

(C) Plaintiffs' Motion for Partial Summary Judgment and Motion in Limine to Prevent Imageline from Using any Damage Calculation or Presenting Evidence Based on a Quantity of Allegedly Infringing Clip Art Images (Motion No. 3);

(D) Plaintiffs' Motion for Partial Summary Judgement with Respect to Unprotected Clip Art Images (Motion No. 4);

(E) Plaintiffs' Motion for Partial Summary Judgment on Defendants' Civil Conspiracy Counterclaim (Motion No. 5); and

(F) Defendants' Motion for Summary Judgment.

I. Background

The following facts are as stated in the Complaint. XOOM distributes electronic clip art.[1] On June 4, 1997,

1. XOOM acquires the rights to use, license and redistribute clip art. It then repackages the images and markets a series of products known as WEB CLIP EMPIRE.

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XOOM entered into an agreement with an Australian company, Sprint Software Pty Ltd ("Sprint"), that granted XOOM the right to use, license and redistribute about 4,500 clip art images. XOOM incorporated these images into WEB CLIP EMPIRE. XOOM distributed a portion of the Sprint images to the joined plaintiffs and other sub-distributors.[2] In January 1998, XOOM learned that some of the Sprint images allegedly infringed registered copyrights owned by Imageline. XOOM filed its Complaint in this action on August 27, 1998, in an attempt to determine the allegedly infringing images, in addition to asserting claims of intentional interference with contract and conspiracy to interfere with contractual relations. The Imageline Defendants' filed an Answer and a Counterclaim, alleging copyright infringement on the part of the Plaintiffs.

II. Standard of Review

A motion for summary judgment lies only where "there is no genuine issue as to any material fact" and where the nonmoving party is entitled to judgment as a matter of law. *Beale v. Hardy*, 769 F.2d 213, 214 (4th Cir. 1985); Fed.R. Civ.P. 56(c). The Court must view the facts and the inferences drawn therefrom in the light most favorable to the party opposing the motion. *Ballinger v. North Carolina Agr. Extension Serv.*, 815 F.2d 1001, 1004 (4th Cir.), *cert. denied*, 484 U.S. 897, 108 S. Ct. 232, 98 L. Ed. 2d 191 (1987). While viewing the facts in such a manner, the Court looks to the affidavits or other specific facts to determine whether a triable

2. The joined plaintiffs are Aztech New Media International Corp. and Media Graphics International, Inc.

issue exists. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 2510, 91 L. Ed. 2d 202 (1986).

In determining whether summary judgment may be granted, the district court must perform a dual inquiry into the genuineness and *materiality* of any purported factual issues. Whether an issue is genuine calls for an examination of the entire record then before the court in the form of pleadings, depositions, answers to interrogatories, admissions on file and affidavits, under Rule 56(c) and (e) . . . . Genuineness means that the evidence must create fair doubt; wholly speculative assertions will not suffice. A trial, after all, is not an entitlement. It exists to resolve what reasonable minds would recognize as real factual disputes. *Ross v. Communications Satellite Corp.*, 759 F.2d 355, 364 (4th Cir. 1985).

III. Analysis

In order to efficiently dispose of the various issues presented by the parties in their motions for summary judgment, the Court will begin with Plaintiffs' second motion for summary judgment, after which it will consider the parties' remaining claims.

A. Plaintiffs' Motion for Partial Summary Judgment Dismissing or Staying Copyright Claims for Lack of Jurisdiction and if this case proceeds, Limiting Possible Statutory Damages as to Copyright Claims and Finding, as a Matter of Law, No Substantial Similarity (Motion No. 2)

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In this motion, Plaintiffs ask the Court to (i) dismiss Imageline's copyright counterclaims, Counts One, Four and Five, on the ground that, in the absence of valid copyright registrations for the individual images that Imageline claims are infringed, the Court has no subject matter jurisdiction under the Copyright Act or (ii) at the request of Plaintiffs, briefly stay this case to allow Imageline to file all necessary copyright registration applications to cover the individual images and to allow XOOM to pursue discovery regarding the individual images. If this case proceeds, XOOM seeks a ruling that Imageline can recover at most a single award of statutory damages for each of the two registrations at issue in this case. Lastly, XOOM requests that the Court hold that, as a matter of law, there is no substantial similarity between the protectable elements covered by Imageline's compilation and derivative copyright registrations and the corresponding elements in the works of Plaintiffs' licensees.

1. Background

Imageline contends that Plaintiffs have infringed Imageline's copyrights in approximately 2,966 of the approximately 11,200 clip art images contained in two registered works — the "Imageline Master Gallery" compilation, Reg. No. VA 751-565, and the "PicturePak SuperBundle" derivative work, Reg. No. VA 745-773. Imageline premises its damages claim on a per-image, per-infringement calculation, which led them to a figure "believed to equal or exceed $60,000,000." (First Amended Counterclaim P 82.)

Imageline was issued Copyright Registration No. VA 746-773 for "PicturePak SuperBundle," effective March 12,

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1996. In Space 6a of the Registration form, Imageline, directed to identify "any preexisting work or works that this work is based upon," stated as follows:

PicturePak SuperBundle was compiled from five products created in 1991: PicturePak 1; PicturePak 2; PicturePak 3; PicturePak ValuePak 1; and Office Clips.

In Space 6b of the Registration form, Imageline, directed to identify "the material that has been added to this work and in which copyright is claimed," stated as follows:

> New art and new text, as well as a new packaging design, for CD-ROM and diskette media.

Effective May 3, 1996, the Copyright Office issued to Imageline Copyright Registration No. VA 751-565 for "Imageline Master Gallery." In Space 6a of the Registration application, Imageline, directed to identify "any preexisting work or works that this work is based upon," stated as follows:

> PicturePak SuperBundle is incorporated in Imageline Master Gallery. In Space 6b of the Registration form, Imageline, directed to identify "the material that has been added to this work and in which copyright is claimed," stated as follows:
>
> > The Imageline Master Gallery includes color, and Black & White images in the .CGM, .WMF, .EPS, .PCX, .BMP, .TIF, .TIFF, .PICT, .JPG, .GIF, and .WPG file formats.

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Imageline received a letter, dated May 31, 1996, from the Copyright Office regarding its application to register the copyright in PicturePak SuperBundle.[3] The letter stated, among other things, that Imageline was not to refer in space 6b to the 1,580 images[4] published in PicturePak and Office Clips because these must be filed for separately.[5]

2. Analysis

1. Imageline's Compilation and Derivative Copyright Registrations Provide No Basis for Litigating Claims of Infringement with Respect to Individual Images.

XOOM argues that the two Imageline registrations at issue in this case do not provide copyright protection for any of the individual images alleged to have been infringed.

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3. In Imageline's first attempt to register PicturePak SuperBundle it had, in space 6b, stated that the package included 1,580 clip art images in the .CGM, and .EPS file format. The Copyright Office, in its May 31, 1996 letter, pointed out that Imageline could not copyright the 1,580 images, and thus, in its revised application, Imageline deleted the reference to those images.

4. The parties disagree as to the interpretation of this letter; specifically, as to whether the infringing images are contained within those 1,580 images.

5. In this same letter, the Copyright Office stated that "if [Imageline] wanted to obtain registration for all of the pictorial images, then [it] would have to file separate applications and fees (including separate filing fee and special handling fee) and deposit copies for each different unit of first-publication." (Tab 1, Affidavit of William Patry, Exhibit C thereto, Pls.'Mem. Supp. Mot. No. 2.)

The Court agrees and finds that as each registration is either a compilation or a derivative copyright, it cannot provide coverage for any individual images.

17 U.S.C. § 103 states as follows:

> (a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.
>
> (b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, and copyright protection in the preexisting material.

The references in the copyright registrations were to preexisting material and since Imageline has admitted that all of the images at issue in this case had previously been published as part of a single product,[6] it is clear that neither

6. All of the allegedly infringing images appeared in a product known as SoftKey PC Paintbrush Clip Art 3003, an unregistered work published in 1994 or 1995 with an Imageline copyright notice. (Defs.' Mem. Opp'n Mot. No. 2 at 3.)

registration covers the preexisting individual images that were allegedly infringed.

The thrust of XOOM's argument is that this Court has no jurisdiction to hear Imageline's counterclaims because Imageline has never alleged that XOOM or any of its sublicensees has copied or infringed its rights with respect to the selection, arrangement and coordination of the elements of the Imageline Master Gallery or the "new text and new art" and the "packaging design" of the PicturePak SuperBundle; rather Imageline has asserted that infringement took place only with respect to particular, individual clip art images, none of which were registered with the Copyright Office. Imageline asserts that the individual images are copyrighted and that XOOM is confused as to what actually is alleged to have been infringed; it is not just the visual pictures which have been published before, but the computer programs that comprises these WMF formatted images.[7] The computer program, along with the visual image, constitutes the new work.

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7. According to Imageline, an "image" is both the computer programming that generates the "picture" and the "picture" itself. This definition would account for the visual images in the new work that look the same as older non-WMF, non-copyrighted files. Imageline encourages the Court to look past the visual similarities as it is the WMF images, which includes both the computer programming and the resulting picture, which Imageline asserts that XOOM is infringing. As such, the images in WMF format that were added to the SuperPak SuperBundle package, fell within the category of "new art" as provided for on line 6b of the Registration application. Additional WMF images were then added to the Imageline Master Gallery. Those that were not added at that time had already been included as new art in the SuperPak SuperBundle and thus, were under copyright protection.

Appendix C

Accepting Imageline's position as true, that the images at issue include the computer program as well as the visual picture, the Court finds that the computer programs are not covered by the copyright registrations either. Neither application filed by Imageline discloses that the work being registered included any computer software. Specifically, Imageline failed to comply with the requirements of the Copyright Office, as set forth in Circular 61 governing computer programs, which states that a copyright claimant must submit the first 25 and the last 25 pages of source code as the deposit for a computer program.[8] Imageline did not make such a deposit. Thus, it is the conclusion of the Court that the computer programs were never copyrighted.

At the request of the Plaintiffs and with no objection from the Defendants, the Court hereby orders that this matter will be stayed in order to allow Imageline additional time to file all necessary copyright registration applications to cover the individual images. In addition, the Court holds that XOOM will then be permitted to pursue discovery regarding the individual images at issue in this case.

2. Imageline Can Recover at Most A Single Award of Statutory Damages Per Registered Work Infringed

XOOM argues that Imageline should be limited to a single award of statutory damages per registered work infringed.

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8. It must be "reproduced in a form visually perceptible without the aid of a machine or device, either on paper or in microform, together with the page or equivalent unit containing the copyright notice, if any."

Appendix C

The Copyright Act provides that:

> (1) The copyright owner may elect . . . to recover, . . . an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable. . . . For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.
>
> (2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $100,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $200.

17 U.S.C. § 504(c). The case law, as well as the legislative history of the Act[9], supports XOOM's contention that § 504 should be applied as it is written. *See Religious Technology Center v. Lerma*, 1996 U.S. Dist. LEXIS 15454, 40 U.S.P.Q.2D (BNA) 1569, 1580 (E.D.Va. 1991); *Stokes Seeds Ltd. v. Geo. W. Park Seed Co, Inc.*, 783 F. Supp. 104, 107 (W.D.N.Y. 1991). Thus, despite Imageline's argument to the

9. (*See* Pls.' Mem. Supp. Mot. No. 2 at 22.)

contrary, the Court holds that there should be only one award of statutory damages per registration regardless of the number of infringements or the number of products containing infringing images. *See Walt Disney Co. v. Powell*, 283 U.S. App. D.C. 111, 897 F.2d 565, 569-570 (D.C.Cir. 1990).

3. As a Matter of Law, the Protectable Compilation and Derivative Elements Covered by the Imageline Master Gallery and PicturePak SuperBundle Registrations are not Substantially Similar to the Corresponding Elements in the Works of XOOM, Aztech, Media Graphics or Other XOOM Licensees

Although the determination of substantial similarity generally is a jury issue in copyright cases, under proper circumstances, summary judgement can be granted in favor of the alleged infringer. *See McMahon v. Prentice-Hall, Inc.*, 486 F. Supp. 1296, 205 U.S.P.Q. (BNA) 819, 824 (E.D. Mo. 1980). XOOM believes that the facts regarding substantial similarity are so one-sided that there is no reasonable difference of opinion as to how the case should be decided.

As Imageline does not contest this point, it seems undisputed that none of the Plaintiffs' allegedly infringing works copy or are substantially similar to the selection, arrangement or coordination of elements in any of Imageline's registered works.[10] Thus, the Court finds that there was no copyright violation by Plaintiffs with respect to the compilation and derivative elements covered by Imageline's two registrations.

---

10. Imageline never assets this claim; rather, it contends that it is the individual images that are being infringed. (*See* First Amended Counterclaim.)

B. Plaintiffs' Motion for Partial Summary Judgment Based on the Affirmative Defense of Copyright Misuse (Motion No. 1)

Instead of resolving the motion at this time, the Court will continue to hold the issue under advisement for further study and analysis.

C. Plaintiffs' Motion for Partial Summary Judgment and Motion in Limine to Prevent Imageline from Using any Damage Calculation or Presenting Evidence Based on a Quantity of Allegedly Infringing Clip Art Images (Motion No. 3)

This motion seeks to limit Imageline's ability to offer certain evidence at trial. Although couched in the language of a summary judgment motion, the Court finds that this is actually a motion in limine. As such, the issues raised herein will be addressed at a later, more appropriate time prior to trial.

D. Plaintiffs' Motion for Partial Summary Judgement with Respect to Unprotected Clip Art Images (Motion No. 4)

Plaintiffs request an Order granting partial summary judgment on Counts One, Four and Five of Imageline's First Amended Counterclaim with respect to 1,282 of the allegedly infringing images Plaintiffs have *filed this motion in the alternative and state that it only needs to be decided if the Court denies in whole or in part their other motions for partial summary judgment.* Since the Court has granted

XOOM partial summary judgment on Motion No. 2, it sees no need to address this motion at the present time. Thus, it is deemed moot.

E. Plaintiffs' Motion for Partial Summary Judgment on Defendant's Civil Conspiracy Counterclaim (Motion No. 5)

Plaintiffs move the Court for an Order dismissing and/or granting partial summary judgement on Count Three of Imageline's First Amended Counterclaim, alleging that XOOM and others have engaged in a civil conspiracy to infringe Imageline's copyrights. At the summary judgment hearing, Defendants conceded this issue. Thus, the Court grants the Plaintiffs' motion and holds that Count Three of the Amended Counterclaim is dismissed.

F. Defendants' Motion for Summary Judgment

Defendants' move for summary judgment against the Plaintiffs on the following grounds:

> (1) Defendants' failure to identify all of the alleged infringing electronic images does not constitute copyright misuse;
>
> (2) Defendants' offers to license electronic images to XOOM, Macmillan and other alleged copyright infringers does not constitute copyright misuse;

(3) Defendants' copyright registrations are valid; and

(4) All of the alleged infringing electronic images are entitled to copyright protection.

The Court finds that grounds (1) and (2) are addressed in XOOM's Motion No. 1, and Grounds (3) and (4) are addressed in XOOM's Motions Nos. 2 and 4. These matters having been resolved above, the motion is denied.

IV. Conclusion

In short, the Court GRANTS the Plaintiffs' Motion No. 2 for partial summary judgment and STAYS this case so that the Defendants may file all necessary applications to cover the individual images alleged to be infringed. The Court will take the issue of copyright misuse, raised in both Plaintiffs' Motion No. 1 and the Defendants' Motion for Summary Judgment, UNDER ADVISEMENT for further consideration. Plaintiffs' Motion No. 3, which is a motion in limine, will be considered prior to trial with any other motions in limine that are filed with the Court. Plaintiffs' Motion No. 4 is deemed MOOT and Motion No. 5, conceded by the Defendants, is GRANTED. Finally, Defendants' Motion for Summary Judgment is DENIED.

Let the Clerk send a copy of this Memorandum Opinion to all counsel of record.

And it is SO ORDERED.

James R. Spencer
UNITED STATES DISTRICT JUDGE

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT DENYING PETITION FOR REHEARING AND REHEARING EN BANC FILED APRIL 21, 2003

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 02-1121
CA-98-542-3

XOOM, INCORPORATED; AZTECH NEW MEDIA INTERNATIONAL CORPORATION, (Joined); MEDIA GRAPHICS INTERNATIONAL, INCORPORATED, (Joined)

Plaintiffs - Appellees

and

MACMILLAN DIGITAL PUBLISHING USA, a division of Prentice-Hall, Incorporated (Joined)

Plaintiff

v.

IMAGELINE, INCORPORATED;
GEORGE P. RIDDICK, III

Defendants - Appellants

and

COMPLIANCE SERVICES, INCORPORATED; WAYNE K. NYSTROM; SPRINT SOFTWARE PARTY LIMITED

Defendants

Appendix D

On Petition for Rehearing and Rehearing En Banc

The appellants' petition for rehearing and rehearing en banc was submitted to this Court. As no member of this Court or the panel requested a poll on the petition for rehearing en banc, and

As the panel considered the petition for rehearing and is of the opinion that it should be denied,

IT IS ORDERED that the petition for rehearing and rehearing en banc is denied.

For the Court,

/s/ Patricia S. Connor
CLERK

APPENDIX E — RELEVANT STATUTE

TITLE 17. COPYRIGHTS

CHAPTER 5. COPYRIGHT INFRINGEMENT AND REMEDIES

17 USCS § 504 (2003)

504. Remedies for infringement: Damages and profits

(c) Statutory damages.

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $750 or more than $30,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

APPENDIX F — DECLARATION OF NANETTE PETRUZZELLI DATED AUGUST 30, 1999

DECLARATION OF NANETTE PETRUZZELLI

1. I am chief of the Examining Division of the United States Copyright Office and have been in this position since December, 1994.

2. Imageline, Inc., has requested an affidavit stating the copyright registration and examining practices of the Copyright Office with respect to artwork, specifically clip art, fixed in digital, electronically-accessed form.

3. Works of the visual arts, including pictorial, graphic and sculptural works, are copyrightable subject matter under section 102[a] of Title 17 of the United States Code.

4. A claim to copyright in works of the visual arts, including digital clip art drawings or illustrations, may be registered with the Copyright Office if the Office determines that there is sufficient original authorship embodied within the artwork and that all other legal and regulatory requirements for registration have been met.

5. The Copyright Office recommends the use of application form VA for the registration of works of the visual arts, including digitally fixed artwork or illustrations. However, 17 U.S.C. 408[c][1] states that "administrative classification of works has no significance with respect to the subject matter of copyright or the exclusive rights" which are provided by Title 17.

6. Under the Copyright Office's regulations at 37 C.F.R. 202.3[b][3], the Office will register as a single work, a collection, or group, of individual works (including clip art meeting the requirements referred to in paragraph 4 above) which works are published for the first time as a unit and in which the copyright claimant is the same.

7. In accordance with the *Compendium of Copyright Office Practices, Compendium II, (1984)* [hereinafter *Compendium II*], *section 108.04*, and the general registration principle that a claim to copyright is considered to extend to all copyrightable component parts of a work in which an applicant has a right to claim copyright, registration for a group of works as a single work, under 37 C.F.R. 202.3[b][3] as described in paragraph 6 above, pertains to all copyrightable elements, including individual works, which are published for the first time in the collection.

8. If registration is sought for digital clip art, or illustrations, the creation of which was facilitated by the use of a computer program, no deposit materials of computer program source code or object code are required if the party which created and owns the copyright in the original clip art or illustrations does not own the copyright in the computer program.

9. If registration is sought for a derivative work, the Office examines the deposit and application materials submitted in order to determine whether the applicant has provided the statutorily-required [17 U.S.C. 409] statement of preexisting work on which the derivative work is based or incorporated and also a statement of the new material

added which forms the basis of the registration. The statements of preexisting and new authorship may be general in nature, e.g., "previously published version," "new illustrations added to work."

10. In accordance with *Compendium II, section 619.11[a]*, where a collective work is being registered, the compilation and other authorship included in the claim need not be stated with particularity. An authorship statement of "collective work" is sufficient to cover elements of compilation, revision, editing, arrangement, any material prepared by employees of the author as contributions to the collective work or any contributions within the collective work to which the owner of the copyright in the collective work as a whole may have obtained the rights.

I make this declaration under penalty of perjury under the laws of the United States.

Executed this 30th day of August, 1999, at Washington, D.C.

s/ Nanette Petruzzelli
Nanette Petruzzelli

APPENDIX G — CIRCULAR 61

COMPUTER PROGRAMS

DEFINITION

A 'computer program' is a set of statements or instructions to be used directly or indirectly in a computer in order to bring about a certain result.

WHAT TO SEND

— A completed application form (typically Form TX);

— A $20.00 nonrefundable filing fee payable to the Register of Copyrights; and

— One copy of identifying material (See "Deposit Requirements" below).

Mail all of the above material in the same envelope or package addressed to:

Register of Copyrights

Library of Congress

Washington, D.C. 20559-6000

EXTENT OF COPYRIGHT PROTECTION

Copyright protection extends to all of the copyrightable expression embodied in the computer program. Copyright protection is not available for ideas, program logic, algorithms, systems, methods, concepts, or layouts.

Appendix G

COMPLETING FORM TX

NOTE: These points do not cover all of the required information on the application. Be sure to refer to the instructions on the Form TX before completing the application.

Space 2. In the "Nature of Authorship" space describe the copyrightable authorship in the computer program for which registration is sought. Acceptable statements include: "computer program," "entire text of computer program," "entire program code," "text of user's manual and computer program," etc. (Do not refer to design, physical form, hardware, algorithm; do not describe the program's features or functions.)

Space 6. Complete this space only if the computer program contains a substantial amount of previously published, registered, or public domain material (such as, subroutines, modules, or textual images) or if the work was developed using an underlying computer program or authoring tool. Space 6a may state "previous version." Typical examples of descriptions of new material for space 6b include "revised computer program", "editorial revisions," "revisions and additional text of computer program," "new programming text," etc. (Do not refer to debugging, error corrections, new functions of the revised program, or other unregistrable elements.)

Appendix G

DEPOSIT REQUIREMENTS

I. Computer Programs Without Trade Secrets

For published or unpublished computer programs, send one copy of identifying portions of the program (first 25 and last 25 pages of source code), reproduced in a form visually perceptible without the aid of a machine or device, either on paper or in microform, together with the page or equivalent unit containing the copyright notice, if any.

For a program less than 50 pages in length, send a visually perceptible copy of the entire source code. For a revised version of a program which has been previously published, previously registered, or which is in the public domain, if the revisions occur throughout the entire program, send the page containing the copyright notice, if any, and the first 25 and last 25 pages of source code. If the revisions are not contained in the first and last 25 pages, send any 50 pages representative of the revised material in the new program, together with the page or equivalent unit containing the copyright notice for the revised version, if any.

Where an applicant is unable or unwilling to deposit source code, he/she must state in writing that the work as deposited in object code contains copyrightable authorship. The Office will send a letter stating that registration has been made under its rule of doubt and warning that it has not determined the existence of copyrightable authorship.

If a published user's manual (or other printed documentation) accompanies the computer program, deposit one copy of the

user's manual along with one copy of the identifying portion of the program.

For HyperCard computer programs created in scripted language, the script is considered the equivalent of source code. Thus the same number of pages of script would be required as is required for source code. Reproductions of on-screen text, buttons, and commands are not an appropriate substitute for this source code deposit. Where a HyperCard program contains trade secrets, deposit script pages meeting the requirements of part II below.

II. Computer Programs Containing Trade Secrets

Where a computer program contains trade secret material, include a cover letter stating that the claim contains trade secrets, along with the page containing the copyright notice, if any, plus one of the following:

A. Entirely new computer programs:

— first and last 25 pages of source code with portions containing trade secrets blocked out; or first and last 10 pages of source code alone, with no blocked-out portions; or

— first and last 25 pages of object code plus any 10 or more consecutive pages of source code, with no blocked-out portions; or

— for programs 50 pages or less in length, entire source code with trade secret portions blocked out.

Appendix G

B. Revised computer programs:

— if the revisions are present in the first and last 25 pages, any one of the 4 options above, as appropriate; or

— if the revisions are not present in the first and the last 25 pages:

— 20 pages of source code containing the revisions with no blocked out portions, or

— any 50 pages of source code containing the revisions with some portions blocked out.

NOTE: Whenever portions of code are blocked out, the following requirements must be met:

(1) the blocked out portions must be proportionately less than the material remaining; and

(2) the visible portion must represent an appreciable amount of original computer code.

SCREEN DISPLAYS

Copyright protection for computer screen displays has been an issue in the courts during the past few years, and questions were raised about separate registration for screen displays. Although some courts affirmed in several video-game cases that pictorial and graphic screen displays may be separately registered, other courts offered disparate opinions regarding screen displays.

Appendix G

After a public hearing on the subject and thorough review of public comments received about registration for screen displays, the Copyright Office announced its decision in June 1988 to require that all copyrightable expression embodied in a computer program owned by the same claimant, including computer screen displays, be registered on a single application form.

This decision also applies to videogame displays; these claims will be treated the same as other claims that include authorship in a computer program and screen displays. A single registration will be made for the computer program and any related audiovisual authorship owned by the same claimant. Separate registrations will not be made.

The Copyright Office has consistently believed that a single registration is sufficient to protect the copyright in a computer program, including related screen displays, without a separate registration for screen displays or reference to the displays in the application. An application may give a general description in the "nature of authorship" space, such as "entire work" or "computer program." This description will cover any copyrightable authorship contained in the computer program and screen displays, regardless of whether identifying material for the screens is deposited.

Applicants who previously made a single registration for a computer program should be assured that the registration covers all the copyrightable content of the computer program. The Office will not make a new basic registration or a supplementary registration to allow a separate claim in the

screen displays. Neither will the Office accept identifying material for the screens contained in any previously registered computer programs.

HOW TO REGISTER COMPUTER PROGRAMS CONTAINING COPYRIGHTABLE SCREEN DISPLAYS

A single registration should be made in the class appropriate to the predominant authorship. Because the computer program is a literary work, literary authorship will predominate in most works, including many in which there are screen graphics. Therefore, registration will usually be appropriate on Form TX. If pictorial or graphic authorship predominates, registration may be made on Form PA as an audiovisual work.

The registration will extend to any related copyrightable screens, regardless of whether identifying material for the screens is deposited. If identifying material for screen displays is deposited and if there is a specific claim in screens, the identifying material will be examined for copyrightability.

To register a computer program and its related screen displays:

* Select the application form appropriate for the predominant authorship;

* Refer to the chart below to complete space 2 of the application and to determine whether to file identifying material for the screen displays. __
HOW TO COMPLETE THE APPLICATION
WHAT TO DEPOSIT

Appendix G

Space 2 (Nature of Authorship)	ID Material (In addition to Required Source code)
Option 1 "Entire work" or "Entire computer program" material for screens or you may choose not to deposit ID material for screens.	You may choose either to deposit or ID
Option 2 "Entire computer program including text of screen displays" or "Entire computer program including audiovisual material" or "Entire computer program including artwork on screen displays"	You must deposit ID material for screens If there is a specific claim in the screens, the screen identifying material will be examined for copyrightability.
Note: The description of authorship on the screen application should not refer to elements such ads "menu screens", "structure, sequence and organization," "layout," "format" or the like.	Note: Identifying material for displays should consist of printouts, photographs, or drawings clearly revealing the screens. For works that are predominately audio visuals, such as videogames, 1/2 "format" inch VHS videotapes is acceptable. All screen identifying material will

be examined for copyrightability. If screens are reproduced in a manual, the manual will suffice as identifying material.

NOTICE OF COPYRIGHT

For works first published on and after March 1, 1989, use of the copyright notice is optional, though highly recommended. Before March 1, 1989, the use of the notice was mandatory on all published works, and any work first published before that date must bear a notice or risk loss of copyright protection.

Use of the notice is recommended because it informs the public that the work is protected by copyright, identifies the copyright owner, and shows the year of first publication. Furthermore, in the event that a work is infringed, if the work carries a proper notice, the court will not allow a defendant to claim "innocent infringement" – that is, that he or she did not realize that the work is protected. (A successful innocent infringement claim may result in a reduction in damages that the copyright owner would otherwise receive.)

The use of the copyright notice is the responsibility of the copyright owner and does not require advance permission from, or registration with, the Copyright Office.

Appendix G

FORM OF COPYRIGHT NOTICE FOR COPIES OTHER THAN PHONORECORDS

The notice for visually perceptible copies should contain all of the following three elements:

1. The copyright symbol (the letter C in a circle), or the word "Copyright," or the abbreviation "Copr."

2. The year of first publication of the work. In the case of compilations or derivative works incorporating previously published material, the year date of first publication of the compilation or derivative work is sufficient.

3. The name of the owner of copyright in the work, or an abbreviation by which the name can be recognized, or a generally known alternative designation of the owner.

Example: Copyright 1995 John Doe

LOCATION OF COPYRIGHT NOTICE FOR WORKS REPRODUCED IN MACHINE-READABLE COPIES

Section 201.20(g), 37 CFR

For works reproduced in machine-readable copies (such as magnetic tapes or disks, punched cards, or the like), from which the work cannot ordinarily be visually perceived except with the aid of a machine or device, the following constitute

examples of acceptable methods of affixation and position of notice:

(1) A notice embodied in the copies in machine-readable form in such a manner that on visually perceptible printouts it appears either with or near the title, or at the end of the work;

(2) A notice that is displayed at the user's terminal at sign on;

(3) A notice that is continuously on terminal display; or

(4) A legible notice reproduced durably, so as to withstand normal use, on a gummed or other label securely affixed to the copies or to a box, reel, cartridge, cassette, or other container used as a permanent receptacle for the copies.

EFFECTIVE DATE OF REGISTRATION

A copyright registration is effective on the date the Copyright Office receives all of the required elements in acceptable form, regardless of how long it then takes to process the application and mail the certificate of registration. The time the Copyright Office requires to process an application varies, depending on the amount of material the Office is receiving and the personnel available. It must also be kept in mind that it may take several days for mailed material to reach the Copyright Office and for the certificate of registration to reach the recipient.

Appendix G

If you apply for copyright registration, you will not receive an acknowledgement that your application has been received (the Office receives more than 600,000 applications annually), but you can expect:

— A letter or telephone call from a copyright examiner if further information is needed;

— A certificate of registration to indicate the work has been registered, or if the application cannot be accepted, a letter explaining why it has been rejected.

You may not receive either of these until 120 days have passed.

If you want to know when the Copyright Office receives your material, send it by registered or certified mail and request a return receipt.

FOR MORE INFORMATION

To request applications, circulars, and other publications, call the Forms and Publications Hotline 24 hours a day, (202) 707-9100, and leave a recorded message, or write:

Publications Section, LM-455

Copyright Office

Library of Congress

Washington, D.C. 20559

Appendix G

To speak with an Information Specialist or to request further information, call (202) 707-3000 (TTY: (202) 707-6737 between 8:30 a.m. and 5:00 p.m., Eastern Time, Monday to Friday, except Federal holidays.

Frequently requested Copyright Office circulars, announcements, regulations, and other related materials are available over the Internet. These documents may be examined and downloaded through the Library of Congress campus-wide information system, LC MARVEL. To access, gopher to marvel.loc.gov, port 70. Then select the copyright menu. Copyright information also is available through the World Wide Web at http://lcweb.loc.gov/copyright. The World Wide Web address offers information created by the Copyright Office and links to other copyright resources created elsewhere.

Last update 12/15/95

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Supreme Court, U.S.
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AUG 27 2003
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No. 03-141

IN THE

Supreme Court of the United States

Imageline, Inc,
Petitioner

v.

Xoom Inc.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI FOR THE COURT OF APPEALS FOR THE FOURTH CIRCUIT

BRIEF OF REED ELSEVIER INC. AS *AMICUS CURIAE* IN SUPPORT OF THE PETITION

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MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE IN SUPPORT OF THE PETITION

Reed Elsevier, Inc. (REI) respectfully moves this Court for leave to file the accompanying brief *amicus curiae* in support of Petitioner Imageline Inc.'s Petition for a Writ of Certiorari. Petitioner has granted leave to file this brief and counsel has lodged that letter with this Court. Respondent Xoom, Inc. has denied leave to file.

As a publisher of printed and, increasingly, electronic works, REI will be able to offer a different and important perspective that will enable the Court to better adjudicate the merits of the petition. Therefore, REI respectfully asks this Court for leave to file its amicus brief over the denial of consent by the Respondent.

Respectfully submitted,

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TABLE OF AUTHORITIES

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Stokes Seeds Ltd. v. Geo W. Park Seed Co, 783 F. Supp. 104 (W.D.N.Y. 1991) 2
Worlds of Wonder, Inc., v. Vector Intercontinental, 1 U.S.P.Q. 2d 1982 (N.D. Ohio 1986) 2
Xoom, Inc. v. Imageline, Inc., 323 F.3d 279 (4th Cir. 2003) 1,3

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17 U.S.C. § 501(c)(1) 3

OTHER AUTHORITIES

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M. Nimmer & D. Nimmer, Nimmer on Copyright, 1404[E][2][c] 3

I. INTEREST OF THE AMICUS[1]

Reed Elsevier Inc. ("REI") is one of the country's leading publishing and information companies, providing information in both hard copy and electronic formats to the government, scientific, legal, educational and business communities. REI businesses include: Harcourt, a leading provider of K-12 instructional materials and educational assessment tools; Elsevier Science, one of the top publishers of scientific and medical information; LexisNexis, the industry leader in decision-support information and services to legal, business, and government professionals; Reed Business Information, the largest publisher of business and professional publications in the United States; and Reed Exhibitions, one of the country's premier exhibition companies. Reed Elsevier Inc. (REI) is a large commercial publisher that has made a tremendous investment in making copyrighted works available to the public in electronic form. As part of its efforts to secure its intellectual property rights, REI routinely registers its journal publications as collective works or compilations.

II. ARGUMENT

The Court should grant the writ and resolve the conflict in the Circuits. Under the Fourth Circuit's decision below, a person who pirates five out of six journal articles from a given issue is limited to paying statutory damages on one article. *See Xoom, Inc. v. Imageline, Inc.*, 323 F.3d 279, 284 (4th Cir. 2003).[2] Put another way, the copyright owner

---

[1] No entity or counsel apart from those whose names appear on this brief have contributed monetarily or substantively to its production.

[2] As a preliminary matter, *amicus* notes that not only have the appellate courts split on this issue, but confusion over proper interpretation of section 504 (c)(1) abounds in the District Courts as well. *Compare, e.g., Itar-Tass News Agency v. Russian Kurier*, 42 U.S.P.Q. 2d (BNA) 1810, 1822 (S.D.N.Y. 1997) (finding that statutory damages must

victimized by the theft of five articles receives the same compensation as the person who suffers the theft of one. Both of the leading commentators on copyright have decried this result.[3]

In contrast, under the First Circuit's sound ruling in *Gamma Audio & Video, Inc. v. Ean-Chea*, 11 F.3d 1106, 1115-16 (1st Cir. 1993), the same defendant is liable for statutory damages for *each* pirated article. These diametrically opposed precedents create conflicting results with respect to a critical aspect of the copyright law, and present this Court with a unique opportunity to remedy the unfairness that they have caused.

A. Splits in the Circuits on Copyright Law Frustrate the Congressional Design

The lack of uniformity created by this split in authority not only warrants this Court's review under S. Ct. Rule 10(a), but takes on a special aura of importance in copyright cases. One of the main purposes of the Copyright Act of 1976 was to, as Congress put it, "promote national

---

be awarded for the compilation as a whole, not for each work contained therein); *Stokes Seeds Ltd. v. Geo W. Park Seed Co*, 783 F. Supp. 104, 108 (W.D.N.Y. 1991) (same) *with Hal Roach Studios v. Richard Feiner & Co.*, 1984 U.S. Dist. LEXIS 23570, at *11-12 (S.D.N.Y.1984) (statutory damages awarded for infringement of each song based on the registration of the album). *Cf. Worlds of Wonder, Inc., v. Vector Intercontinental*, 1 U.S.P.Q. 2d 1982, 1986 (N.D. Ohio 1986) (each derivative work made from plaintiff's work results in award of statutory damages).

[3] *See* Paul Goldstein, Copyright, § 12.2.2.1.a (noting that the construction of the statute adopted by the Fourth Circuit would "seriously undercompensate" the owner of a copyrighted work contained in a compilation); M. Nimmer & D. Nimmer, Nimmer on Copyright § 1404[E][2][c] (calling the result of the rule a "charade").

uniformity and to avoid the practical difficulties of determining and enforcing an author's rights under ... differing laws." House Rep. No. 94-1476, at 129 (1976); *see also* 17 U.S.C. § 301 (broadly preempting all state laws that grant equivalent rights). Unlike other areas, such as the trademark laws, where state and federal laws may co-exist, Congress has made its desire for a uniform, federal copyright system unequivocally clear. The remedy of statutory damages is a core element of that system, carefully calibrated by Congress to promote core copyright policies. The need for uniform application of the statutory damage regime is therefore all the more compelling.

The increasing use of digital networks as the distribution method of choice for many publishers exacerbates the negative effects of a uniform standard of liability. An infringer that makes a work available over the Internet has created immediate, nationwide harm. The exposure of that infringer to statutory damages, despite the nationwide (or worldwide) distribution of that work, turns entirely on the fortuity of whether litigation ensues in the Fourth Circuit or in the First. The infliction of harm on a national level mandates a national, uniform remedy.

B. The Decision Below Frustrates Policies of Judicial Economy

The Fourth Circuit's decision forces the copyright owner into the grossly inefficient position of having to file multiple lawsuits to defend its rights. As the panel correctly decided, registration of a compilation gives federal courts subject matter jurisdiction over infringement of a work contained in that compilation where the copyright in the compilation and its constituent part are owned by the same person. *See Xoom v. Imageline,* 323 F.3d 279, 284 (4th Cir. 2003). When read against the panel's interpretation of the Copyright Act's statutory damage provision, the plaintiff is

forced to make duplicative filings to protect its economic interests.

More specifically, the Fourth Circuit's interpretation of 17 U.S.C. § 501(c)(1) forces the aggrieved copyright owner into the "charade" of filing multiple copyright infringement suits; one for each infringing transaction. *See* M. Nimmer & D. Nimmer, Nimmer on Copyright, 1404[E][2][c]. Litigants in the First Circuit, however, bear no such burden. To allow this conflict to continue on such an issue would result in forum shopping, which surely cannot be consistent with Congress's desire for uniform application of the Copyright Act.

III. Conclusion

For the foregoing reasons, the petition for certiorari should be GRANTED.

Respectfully submitted,

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